

# **CHOOSING A HOME FOR THE FAMILY OFFICE**

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# Panelists

## Session Chairs

**Rashad Wareh**  
Kozusko Harris Duncan  
New York, New York, USA

**Christopher Potter**  
SETE  
Geneva, Switzerland

## Speakers

**Rogério M. Fernandes Ferreira**  
RFF & Associados  
Lisbon, Portugal

**Leon Kwong Wing**  
Withers KhattarWong LLP  
Singapore, China

**Matthew Guthrie**  
Mourant Ozannes  
St. Peter Port, Guernsey

**Fiona Poole**  
Maurice Turnor Garner  
London, United Kingdom

# Hypothetical

Mr. X, is a member of a family whose family office is based in Riyadh, Saudi Arabia. Executives of the family office include family members (generally Saudi Arabian citizens and residents), and nationals of India and Bangladesh. Some of the family members also hold a second passport from Cyprus.

The senior generation of the family consists of 6 siblings (4 brothers and 2 sisters), ranging in age from 65 to 45. Each sibling has the bulk of their ex-Middle East assets held through a revocable trust, the trustee of which is a private family trust company based in Guernsey. The directors of the family trust company include the siblings, an executive of the family office, a representative of a Guernsey trust company (whose company provides administrative support), and their outside legal advisor.

Each trust holds:

- a Guernsey private family investment fund, which in turn invests in different investment styles through special purpose vehicles;

## Hypothetical (cont'd)

- a personal holding company (in some cases formed in Guernsey, in others the BVI or the Cayman Islands), which in turn holds residences in one or more of London, Lisbon, Barcelona, Paris, Istanbul or Kuala Lumpur;
- a personal holding company holding modest personal investments (not collectively invested with the family).

In addition, each sibling has created an irrevocable U.S. trust to hold one or more personal residences in the United States – the trust being for the benefit of the respective sibling's spouse and descendants.

The siblings have interests in numerous businesses and investments, and personal property, in Saudi Arabia and throughout the Middle East as well, which are not owned through the above holding structures. Generally, those assets either are owned directly or through local holding companies. The primary operating company is a Saudi publicly listed company, of which the family owns the great majority of shares and controls.

## Hypothetical (cont'd)

Mr. X and his family have decided to open a second family office and have approached advisors from the United Kingdom, Guernsey, Portugal and Singapore to discuss the merits of each jurisdiction. He has already spoken with advisors from other jurisdictions, too, such as Malaysia, Switzerland and the United States.

Mr. X wants to understand the advantages (and potential challenges) in establishing a family office and moving family members and executives to the new jurisdiction.

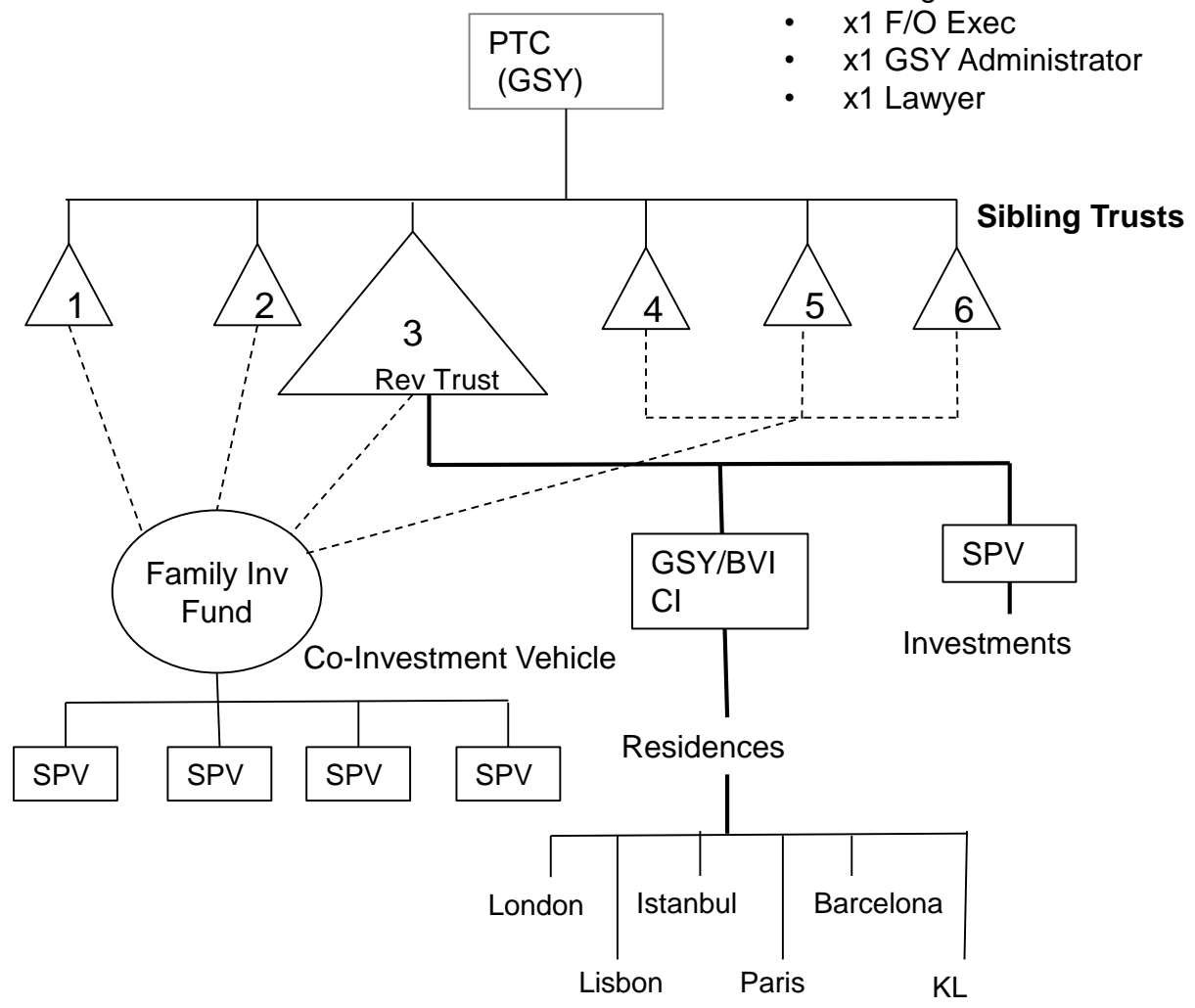
Among other factors, they wish the advisors to explain:

## Hypothetical (cont'd)

- ease of obtaining resident status for family members and for executives, and what type of favorable tax and reporting regimes might apply to each;
- will family and executives from non-European jurisdictions be welcome;
- burden of tax and reporting as to family members (given their extensive assets);
- particular challenges resulting from nature of family assets or holding structures – e.g. will the family office need to be regulated; will the presence of the office bring assets or structures within the scope of local tax?;
- advisable structure for family office, recommended ownership, ease of setup, tax and operational concerns;
- ease of travel; and
- quality of life / cost of living / healthcare / schooling.

**PTC Board**

- Siblings
- x1 F/O Exec
- x1 GSY Administrator
- x1 Lawyer



- Saudi Family: 6 siblings (some with Cypriot passports)
- F/O Executives:
  - ❖ Family members
  - ❖ Indian individual
  - ❖ Bangladeshi individual
- Separate US irrevocable Trust for US residences
- Local Middle Eastern assets:
  - ❖ Businesses\*
  - ❖ Investments
  - ❖ Personal property

\*Primary OpCo is Saudi listed and family is the majority shareholder



# Contact Information

## **Rashad Wareh**

Kozusko Harris Vetter Wareh Duncan LLP  
575 Madison Avenue, 24<sup>th</sup> Floor  
New York, NY 10022  
Tel.: 212.980.9809 Fax: 212.202.5085  
Email: rwareh@kozlaw.com

## **Christopher Potter**

SETE  
Tel.: +22 959 0885

## **Rogério M. Fernandes Ferreira**

RFF & Associados  
Praça Marquês de Pombal, 16  
5º (Recepção)/6º, 1250-163 Lisboa  
Tel.: +351 (215) 915 220  
Email: rogeriofernandesferreira@rffadvogados.pt

## **Matthew Guthrie**

Mourant Ozannes  
Royal Chambers, St Julian's Avenue  
St Peter Port, Guernsey GY1 4HP  
Tel.: +44 1481 731 424 Mobile: +44 7911 711210  
Email: matthew.guthrie@mourant.com

## **Kwong Wing Leon**

Withers KhattarWong LLP  
80 Raffles Place #25-01, UOB Plaza 1  
048624, Singapore  
Tel.: +0065 6238 3018 Mobile: +0065 9071 8021  
Email: leonkwongwing@khattarwong.com

## **Fiona Poole**

Maurice Turnor Gardner  
15<sup>th</sup> Floor, Milton House, Milton Street,  
London EC2Y 9BH United Kingdom  
Tel.: +44 (0)207 786 8737 Mobile: +44 (0)7979 594 879  
Email: fiona.poole@mtgllp.com